

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the
Commission's Future Energy Efficiency Policies,
Administration and Programs.

Rulemaking 01-08-028
(Filed August 23, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING GRANTING MOTION OF
SOUTHERN CALIFORNIA GAS COMPANY TO
REALLOCATE CERTAIN ENERGY EFFICIENCY PROGRAM FUNDS**

On September 11, 2003, Southern California Gas Company (SoCalGas)
asked for authority to:

1. re-allocate a portion of unspent pre-1998 demand side management (DSM) funds currently reserved for the DSM Residential Pilot Bidding (Pilot Bidding) to the program year (PY) 2003 Statewide Single Family Rebate (SFR) program incentive budget; and,
2. replace funds inadvertently removed from SoCalGas' PY 2003 statewide and local program budgets using available Pilot Bidding program dollars to fund PY 2003 market assessment and evaluation (MA&E) activities.

I. Background

In Advice Letter (AL) 2547, SoCalGas requested authority to carry over \$10,802,688 in unspent Pilot Bidding program funds for PY 1997 through PY 1999 to cover expected payments over the contract period which extends for a number of years beyond the program's installation periods. The Commission staff approved the AL, effective January 28, 1997. The Pilot Bidding contracts remain in effect today.

SoCalGas explains that when it filed AL 2547, the company intended that the carryover would cover the “expected” payments, not the maximum potential obligation under the contracts. Based on invoices that had been received at that point in time, SoCalGas estimated that it would need approximately \$4 million in additional funds to cover program obligations. After receiving additional invoices, SoCalGas now identifies \$3.968 million in uncommitted pre-1998 monies available in its Conservation Expense Account (CEA). SoCalGas proposes to use these additional funds to support the SFR program and to fund its PY 2003 MA&E activities.

II. Socalgas’ request to use \$1,200,000 of unspent funds to maintain incentive funding for its SFR program

SoCalGas’ Motion states its residential customers have responded enthusiastically to the utility’s PY 2003 SFR program. SoCalGas’ PY 2003 incentive budget, authorized in Decision (D.) 03-04-055, is \$2,000,000. Due to the unanticipated response, SoCalGas has paid or committed to pay \$1,670,000 or over 83 percent of incentive dollars to program participants. Without additional funding, SoCalGas will be forced to close this program September 2003 and estimates it would then have to reject approximately \$100,000 per week in future rebate requests. SoCalGas’ Motion provides calculations to show this program has a cost-benefit ratio of 1.15. It states the SFR program will require an additional \$1,200,000 to ensure uninterrupted customer participation through December 2003.¹

¹ \$1.2 million is comprised of \$1.068 million required for incentives, and \$0.132 million required for additional administrative processing costs.

III. SoCalGas' request to use \$585,071 of unspent funds to replace PY 2003 statewide and local program funds inadvertently removed from the proposed SoCalGas budget

SoCalGas' Motion asserts that D.03-04-055, issued on April 17, 2003, incorrectly reduced each of SoCalGas' statewide and local program budgets by an amount equal to the company's MA&E funding. It observes that the utilities' comments on the proposed order explained that the Commission should not have made this reduction since SoCalGas' proposed budgets amounts already "backed-out" the MA&E program funds. SoCalGas states the result is that program funding is deficient by \$585,071. It proposes to allocate \$585,071 of Pilot Bidding funds from the CEA to replace the PY 2002 program funds that were removed in error from SoCalGas' PY 2003 program budgets.

IV. Conclusion

D.03-04-055, Ordering Paragraphs (OP) 8 and 9, provides direction to utilities concerning fund-shifting flexibility between programs and modifications to the adopted fund-shifting guidelines. Specifically, the Decision states

"... the utilities may shift up to 10% of one program's funds into another program in the same category." (OP 8)

"Utilities shall file a motion to modify the 10% limitation if necessary for program success or to avoid program failure. We herein delegate authority to the assigned ALJ to resolve such motions." (OP 9)

SoCalGas' Motion is reasonable. It would increase the number of customers who may take advantage of cost-effective energy efficiency programs and minimize the risk of potential program disruption. In both cases, it uses funds not required for other purposes to supplement important energy efficiency

programs. Overall, its requests to reallocate serve Commission policy and program goals and do not compromise customers, programs or procedures.

IT IS RULED that Southern California Gas Company's Motion is reasonable. It would increase the number of customers who may take advantage of cost-effective energy efficiency programs and minimize the risk of potential program disruption. In both cases, it uses funds not required for other purposes to supplement important energy efficiency programs. Overall, its requests to reallocate serve Commission policy and program goals and do not compromise customers, programs or procedures.

Dated October 10, 2003, at San Francisco, California.

/s/ KIM MALCOLM
Kim Malcolm
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Granting Motion of Southern California Gas Company to Reallocate Certain Energy Efficiency Program Funds on all parties of record in this proceeding or their attorneys of record.

Dated October 10, 2003, at San Francisco, California.

/s/ HELEN FRIEDMAN

Helen Friedman

N O T I C E

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